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C O N F I D E N T I A L SECTION 01 OF 02 SOFIA 000043

SIPDIS

PASS TO EUR/CE TOM YEAGER

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SUBJECT: BULGARIA: PRESIDENT PARVANOV BACKS SOUTH STREAM  
AND NABUCCO; TAKES SWIPES AT GOVERNMENT ON FOREIGN AND  
DOMESTIC POLICIES

Classified By: DCM Alex Karagiannis for reasons 1.4 (B) and (D).

¶1. (C) Summary: President Parvanov sharply jabbed the government in his annual security address for its lack of a new strategic policy, failure to develop an energy policy, and lack of a clear defense reform package. Parvanov strongly supported both South Stream and Nabucco and called for immediate re-start of Kozulduy 3 and 4 nuclear reactors, shut down as part of Bulgaria's EU entry conditions. Parvanov also raised the possibility of combining this summer's Euro-parliamentary and national parliamentary elections, which the governing coalition opposes, and holding a referendum on altering the electoral system, a highly contentious issue within his own Bulgarian Socialist Party (BSP). Prime Minister Stanishev responded publicly by denying rumors of a cold war between himself and the president, but Parvanov subsequently continued his strong line in a two-part media interview. While not seismic or new, the fissures between the two power centers are clear and unresolved. End Summary.

¶2. (SBU) In his annual Presidential lecture, Parvanov spoke January 16 on "National Security Facing New Challenges." Though there were few notable departures from previous statements, Parvanov spoke with passion and asperity on key points, taking the government to task on numerous occasions. Looking to raise his leadership profile at large and certainly within the Bulgarian Socialist Party, he put some distance between himself and former protg and, now PM, Stanishev. He sharply jabbed the government for failing to have a comprehensive national security strategy, and announced establishment of a research/analytic center in the presidency, but "would not be jealous" if the government set one up also.

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ITS ABOUT ENERGY, STUPID!  
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¶3. (SBU) Parvanov also criticized the current BSP-led coalition government for not creating either an active energy policy or a clear defense package. He devoted about 40 percent of his one-hour address to energy and economic issues. Paraphrasing former President Clinton, Parvanov said "it's about energy, stupid." The recent gas crisis is no commercial dispute, but a geo-strategic conflict; Bulgaria strongly objects being held hostage by "Moscow or Kiev" or "Washington and Brussels." He criticized Stanishev's government for not actively pursuing a concrete energy policy (especially after the gas crisis of 2006) and other past governments for not building a single pipeline since the Todor Zhivkov Era. Highlighting the need to diversify routes -- South Stream, Nabucco, Burgas-Alexandropolous,

Burgas-Vlora, and a possible LNG terminal -- he strongly defended Bulgaria's energy deals with Russia, giving the speech a pro-Moscow hue. He underscored that South Stream "must become a reality," but also noted the need for diversification of source and mentioned his trips to Central Asia, the Caspian, and Arab countries to discuss alternative supplies. Interestingly, he speculated about a future possible pipeline route from Iran, though this was a short and elliptical reference.

¶4. (SBU) Parvanov restated his public call to reopen Kozluduy Nuclear Power Plant (KNPP) Units 3 and 4, which he claimed were shut down "without valid reason, under pressure," by Brussels. Arguing that Bulgaria was an exporter of electricity before the closure, it caused a "permanent energy deficit in South-East Europe." Parvanov again cited a loose interpretation of Article 36 of Bulgaria's Accession Treaty (which could allow for the reopening in the event of a regional crisis). He took a swipe at the Saxe-Coburg Gothe Government (2001-2005)(now part of the coalition government) -- for hastily closing the energy chapter of Bulgaria's EU Accession treaty, and not negotiating more favorable terms. (Parliament subsequently voted in favor of re-opening the two reactors, a clearly populist ploy in an election year. PM Stanishev has been more muted, recognizing EU realities. But if nothing else, calls to re-open Kozluduy ((echoing Slovakia,s earlier calls to re-open its own shut reactors)) is a bargaining chip for additional EU compensation.

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DEFENSE ISSUES  
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¶5. (SBU) Beating a familiar drumbeat that Bulgaria is a predictable and reliable partner, Parvanov praised Bulgaria's completed and successful mission in Iraq, emphasizing that Bulgaria will continue to participate in overseas mission. Touting his role as Commander-in-Chief, he called for urgent modernization of the armed forces. With an unveiled swipe at the government's handling and key features of a new Defense and Armed Forces Act, Parvanov opposed the bill as now constituted (especially regarding the MOD and General Staff duties), noting the importance of guaranteeing the political neutrality of the armed forces and their preservation as an institution. He dismissed the government's defense program, slamming the 2015 Revised Plan as not a "clearly formulated policy" to achieve a proper balance of objectives, resources, structure and personnel strength. The President turned briefly to other national security agencies, citing the Ministry of Interior and State Agency for National Security, where the government's performance was not especially strong.

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DOMESTIC THEMES  
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¶6. (C) Parvanov presented himself above the political fray, criticizing Parliament by asking for a change in the current political model, and more collective responsibility from the MPs rather than just passing laws that serve certain groups or people. He hinted that Euro-parliamentary and national elections be held on the same date (which the government, most notably the Bulgarian Socialist Party, or least the PM,s faction, opposes as it would likely work to its disadvantage). And he alluded to his idea to alter the existing proportional electoral law (which BSP and its main coalition partner strongly oppose and which in practice would be hard to implement). Parvanov called on political parties to rally behind and agree on the country's key priorities, including energy projects, regardless of the next government. A few days later, Parvanov used a radio interview to sharpen his electoral remarks to hold both the European Parliament and the National Assembly election on the same day. And he

urged his former party, the BSP, to support holding a referendum on the introduction of the majoritarian element in the vote. He then used a two part newspaper interview to amplify the main themes of his speech, taking the government to account on energy, national security, the economy and domestic policy.

¶7. (C) Comment: Although the Bulgarian constitution limits the powers of the presidency, Parvanov traditionally uses his annual speech to promote the prestige of the institution. With the government still reeling from the recent gas crisis, protests, and the global financial slump, Parvanov took advantage to boost his political star and take swipes at the BSP-led government headed by his former protégé to highlight that it has not done enough, especially during the recent gas crisis. The subsequent back-and-forth comments between Parvanov and Stanishev -- where the PM inter alia was obliged to deny that a cold war exists between them -- only confirmed that political space between them is widening and deepening, at least for now. End Comment.  
McEldowney